



ISOTEAM LTD.

(Company Registration No: 201230294M)
(Incorporated in the Republic of Singapore)

ACQUISITION OF PROPERTY

1. INTRODUCTION

The Board of Directors (the "**Board**") of ISOTeam Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") is pleased to announce that on 8 November 2016, Raymond Construction Pte Ltd ("**RCPL**"), a wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement (the "**SPA**") with Y K Toh Marketing (S) Pte Ltd (the "**Vendor**") in relation to the purchase by RCPL of a property located at 8 Changi North Street 1 Singapore 498829 (the "**Property**") from the Vendor at a sale price of S\$12,565,000 (the "**Sale Price**") (the "**Proposed Acquisition**"). The Vendor is an independent and unrelated third party.

A sum of S\$628,250 (the "**Deposit**"), being 5% of the Sale Price, had been paid by RCPL to the Vendor's solicitors upon signing of the SPA.

2. INFORMATION ON THE PROPERTY AND RATIONALE FOR THE PROPOSED ACQUISITION

The Property, being a part 2/part 4-storey single user single occupier factory building, has a land area and built-in area of approximately 3,401.90 square metres and 4,232.68 square metres, respectively, with a leasehold tenure of 30 years with an option to renew for another 30 years commencing from 1 August 1996.

The Proposed Acquisition is intended to consolidate the Group's businesses, as well as house its different divisions, which are currently located at various premises, into a single location. Such centralisation would enhance management's oversight, operational efficiencies and interaction among the staff.

The Company will update its shareholders on any developments in relation to the existing office premises on a timely basis.

3. SALE PRICE

The Sale Price was arrived at on a willing-buyer-willing-seller basis, after taking into consideration the bank's indicative valuation of the Property of S\$11,000,000.

The Sale Price, which is payable in cash, will be financed by the proceeds from the placement of 9,000,000 new ordinary shares in the capital of the Company which was completed on 15 June 2015, internal resources and bank borrowings.

4. SALIENT TERMS OF THE SPA

The salient terms of the SPA are as follows:

- (a) The Proposed Acquisition is subject to and conditional upon RCPL obtaining approval from National Environment Agency ("**NEA**") and in-principle written approval from Jurong Town Corporation ("**JTC**") to the Proposed Acquisition and to the Property being

approved for use as office building and subject further to the terms and conditions whatsoever which NEA and JTC may at their absolute discretion impose provided that all conditions which may be imposed by NEA, JTC and other relevant authorities (if any) on RCPL in giving the NEA's approval and JTC's in-principle approval shall be complied fully and within the time stipulated by NEA and JTC and all conditions which may be imposed by NEA and JTC on the Vendor and RCPL shall be complied fully and within the time stipulated by NEA and JTC.

- (b) Subject to there being no default, refusal, neglect and failure on the part of the Vendor and/or RCPL, if RCPL is unable to obtain NEA's approval or JTC's in-principle approval or if JTC rejects RCPL's application for JTC's in-principle approval, the SPA shall be null and void and shall be treated as cancelled and rescinded and deemed abortive and shall be of no further effect whatsoever. The Vendor shall refund the Deposit to RCPL free of interest.
- (c) Completion of the Proposed Acquisition ("**Completion**") will take place on 28 April 2017. The balance 95% of the Sale Price will be payable at Completion.

5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition set out below, based on the Group's audited consolidated financial statements for the financial year ended 30 June 2016 ("**FY2016**"), are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after Completion.

5.1 Net Tangible Assets per Share

The effect of the Proposed Acquisition on the net tangible assets ("**NTA**") per share of the Group for FY2016, assuming that the Proposed Acquisition had been effected on 30 June 2016 is as follows:

As at 30 June 2016	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$'000)	48,505	48,505
NTA per share (Cents)	17.04	17.04

5.2 Earnings per Share

The effect of the Proposed Acquisition on the earnings per share of the Group for FY2016, assuming that the Proposed Acquisition had been effected on 1 July 2015 is as follows:

FY2016	Before the Proposed Acquisition	After the Proposed Acquisition
Profits after tax and minority interests (S\$'000)	9,227	7,382
Earnings per share (Cents)	3.23	2.58

6. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual Section B: Rules of Catalyst (the “Catalist Rules”) are as follows:

1006 (a)	Net asset value of the assets to be disposed of, compared with the group’s net asset value	Not applicable
1006 (b)	Net profits attributable to the assets acquired or disposed of, compared with the group’s net profits	Not applicable
1006 (c)	Aggregate value of the consideration given or received, compared with the issuer’s market capitalisation, based on the total number of issued shares excluding treasury shares	The consideration of S\$12,565,000 for the Proposed Acquisition represents approximately 11.74% of the Company’s market capitalisation of approximately S\$107,000,000 as at 7 November 2016 (the market day preceding the date of the SPA)
1006 (d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
1006 (e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group’s proved and probable reserves.	Not applicable

As the relative figure computed under Rule 1006(c) of the Catalist Rules exceeds 5% but not 75%, the Proposed Acquisition constitutes a discloseable transaction under Chapter 10 of the Catalist Rules and approval from the Company’s shareholders is not required.

7. SERVICE CONTRACT

No person will be appointed to the Board, and no service contract will be entered into by the Company, in connection with the Proposed Acquisition.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings in the Company (if any).

9. DOCUMENT FOR INSPECTION

Copy of the SPA is available for inspection during normal office hours at the Company’s registered office at 57 Kaki Bukit Place Eunos Techpark Singapore 416231 for three months from the date of this announcement.

The Company will make further announcements in relation to the Completion in due course.

By Order of the Board

Anthony Koh Thong Huat
Executive Director and Chief Executive Officer
9 November 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Hong Leong Finance Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.